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ABSTRACT

This pamphlet describes what Title IV-A funding is, who is eligible for it, what Connecticut agencies administer it, and what some of the problems are. This information should prove invaluable to community groups who want to establish new day care programs, as the Federal government is willing to pay for 75 percent of the total cost of day care for eligible children. This means that in terms of the present funding arrangements, the State of Connecticut and local groups are paying more for day care than they need to. This pamphlet offers practical suggestions for changing the State plan and provides guidelines for local groups. (CS)

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# MONEY FOR DAY CARE PROGRAMS

# IN

# CONNECTICUT

A Pamphlet For Connecticut Day Care Groups
About How State and Federal Day Care Funds
Are Administered

PS 007384

Prepared by:

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610 West 112th Street
New York City, N. Y. 10025

June, 1972

Preface:

This pamphlet was prepared for use by community groups who want to establish new Day Care programs. We hope it will give you helpful information in your efforts to get funds for new Day Care programs.

Please contact us if you would like additional free copies of this pamphlet, or feel free to reproduce copies for use with your group.

If you have questions or problems you think we might be able to help with, please call or write.

Also we would be very interested to have your comments and suggestions about whether or not you found this pamphlet helpful and how we can improve it.

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A good pamphlet on the Federal Administration of Day Care Funds, "TITLE IV-A OF THE 1967 SOCIAL SECURITY ACT" is available from the Day Care and Child Development Council of America, 1401 "K" Street, N.W., Washington, D.C. 20005. ($1.50 each, plus .50 on all orders under $5.00).

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INTRODUCTION:

## Applying For Money For Day Care

In Connecticut, money from the State and Federal governments is available to pay for part of the cost of day care. The Federal Government makes day care money available under Title IV-A of the Social Security Act. The State of Connecticut makes money available each year through appropriations by the State legislature. All of this money - both State and Federal - is channeled to day care groups through the Department of Community Affairs (DCA), a Connecticut agency.

Each group that wants to start a day care center has to pay for part of the cost itself. This is known as the local share, and is 20% of the net cost* of running the day care center.

Therefore, a group that wants money for a day care center in Connecticut faces two major tasks in getting the money:

- preparing the necessary applications in order to get the State and Federal funds from the Department of Community Affairs,
- raising money and getting contributions for the local share.

For more information on this, contact the Department of Community Affairs:

Day Care Bureau - Department of Community Affairs
P.O. Box 786
Hartford, Connecticut 06101
Phone: (203) 566-4884
Mrs. Trudy Johnson

They can send you a lengthy handbook which explains in detail how to apply for day care money.

*The net cost is the total program costs minus certain items of income to the center (e.g. fees).

## What Is This Pamphlet About?

This pamphlet explains how Federal money from Title IV-A comes into Connecticut to be used in day care programs. This is important because the Federal Government is willing to pay for 75% of the total cost of day care; in Connecticut, however, it is paying for much less. This means that the State of Connecticut and local groups are paying more for day care than they need to. Unless more Federal money is used in Connecticut, a real expansion of day care is unlikely. The Connecticut legislature will probably not appropriate the great amount of money that would be needed to expand day care; and as long as community and parent groups are required to put up 20% of the cost of running the center, no real expansion of day care in Connecticut is possible because most of the groups who really need day care do not have such resources.

This pamphlet explains:

- what Title IV-A funding is;
- who is eligible for it;
- what Connecticut agencies administer it;
- what some of the problems are.

MONEY FROM THE FEDERAL GOVERNMENT FOR DAY CARE

## What Is Title IV-A?

Title IV-A is a section of the Social Security Act which was added to the Act with the Amendments of 1967. It provides money from the Federal Government to the States for child welfare services. One of the services for which money is provided is day care. Any State that wants to receive Title IV-A money must submit a STATE PLAN to the Federal Government describing how and for whom the money will be spent. Day care programs funded under Title IV-A are administered by a State agency, which sets up a structure in the State by which local groups can get money to run day care programs.

At the present time, the money available under Title IV-A is open-ended; that is, the Federal Government will pay its share of the costs no matter how much is spent. The Federal Government's share is 75% of the cost of day care which means that out of every $100.00 the State, and sometimes a local government (county or town) spends, the State is reimbursed $75.00 from the Federal Government. The State can only get this money, however, for children who are eligible for reimbursement.

Which Children Can Benefit From These State And Federal Funds?

Under Title IV-A, States can receive Federal reimbursement for providing day care services to past and potential Aid to Families with Dependent Children (AFDC) recipients, as well as those presently receiving assistance. Each State identifies and defines "past" and "potential" recipients in its State Plan under which it receives Federal funding.

In Connecticut, "past" AFDC recipients are defined as families and children who have received AFDC within the two years prior to the child's enrollment at the center.

A "potential" AFDC recipient is defined in Connecticut as someone who:

- resides in a Model Cities Neighborhood, or
- lives in low income public housing, or
- has received AFDC within the previous two years, or
- is certified to receive medical assistance under the State's Title XIX plan, or
- whose income level does not exceed the OEO poverty guideline standards ($4,000/year for a family of four), or
- is currently receiving general assistance from a municipality, or
- is the only parent present in the family, is employed, and would be eligible for AFDC if he or she had to pay the full cost of day care.

Connecticut is eligible to receive reimbursement under Title IV-A for 75% of the cost of providing day care to anyone in the above categories.

In the rest of this pamphlet, when "eligible" children are referred to, it means children for whom the State can receive Title IV-A reimbursement because they are part of the Federal eligibility category of "past, present, or potential" AFDC recipients.

## Some Children Can Benefit From State Funds Only

Connecticut day care centers may provide some day care services to children who are not eligible for Federal reimbursement but who qualify for day care under enrollment criteria set up by the Department of Community Affairs. These are children who are "disadvantaged by reasons of economic, social, or environmental conditions." A day care center serving a child who falls into one of these categories will be able to receive State financial assistance for that child. The State will not, however, be able to get Federal reimbursement unless the child is also eligible under the Federal category of "past, present, or potential" AFDC recipient.

## Parents of Children Who Cannot Benefit From Either Must Pay

Connecticut day care centers may also serve some children who are not eligible for either State or Federal financial assistance because their family income is too high. The cost of day care must in that case be paid for by the child's family, in accordance with a fee scale set up by the Department of Community Affairs.

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## What Agency Administers Day Care Money In Connecticut?

In Connecticut, Title IV-A day care funds are administered on a state-wide basis. The State agency that administers the money is the Department of Community Affairs (DCA). Each year, DCA receives money that the Connecticut legislature has appropriated for day care. DCA decides what day care programs will receive funding; they will pay for eighty percent (80%) of the cost of providing day care in the programs that they fund. The local group which operates the center must finance the other twenty percent (20%). The local group can do this either with a cash contribution or with "in-kind" contributions, such as the donation of the facility, volunteer teachers, etc.

## What Is The Role Of The State Welfare Department In Connecticut Title IV-A Funding?

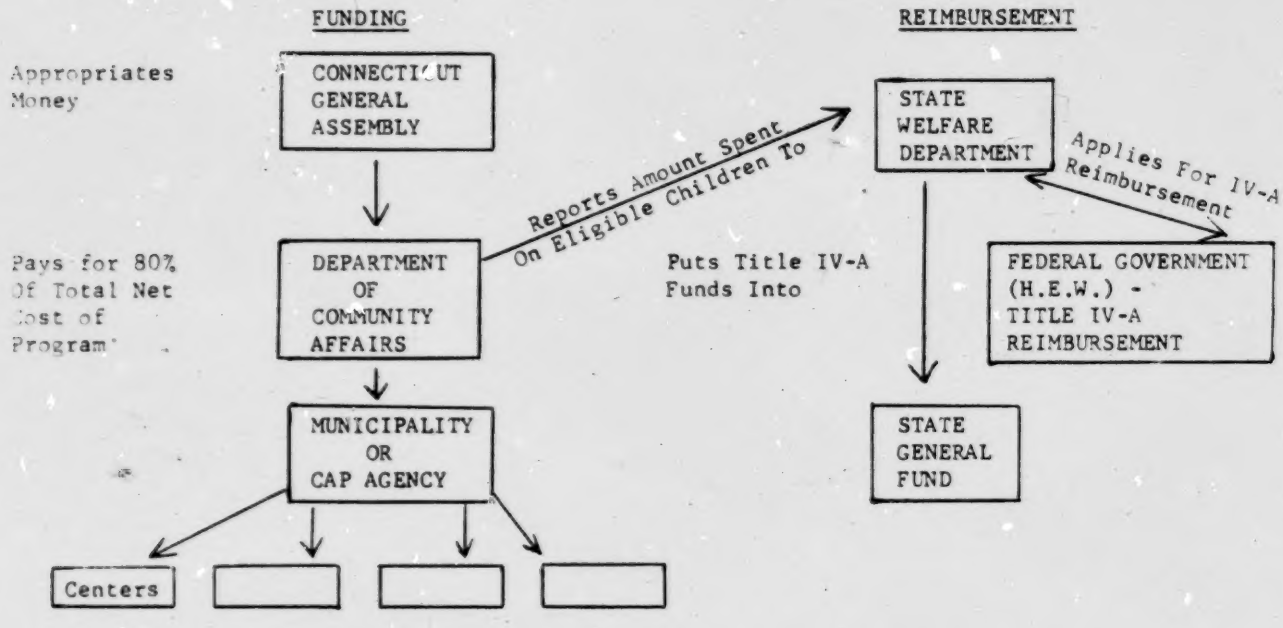
The Connecticut State Welfare Department is the State agency designated by Connecticut to collect the Title IV-A reimbursement from the Federal government.

In order to get Federal reimbursement for the money Connecticut has spent on children eligible for day care, the Welfare Department has to determine how much money has been spent by the Department of Community Affairs (DCA). Each year, DCA reports to the Welfare Department how much it has spent on children eligible for day care assistance and the State Welfare Department then claims reimbursement from the Federal government under Title IV-A.

## Where Does The Federal Money Go?

Once the State Welfare Department has received Federal reimbursement, the money goes into Connecticut's treasury, the State's General Fund.

Each fiscal year the same funding pattern is followed: the Connecticut legislature appropriates money for day care; the money is spent by the Department of Community Affairs; the Department of Community Affairs tells the State Welfare Department how much it has spent on eligible children; and the State Welfare Department claims reimbursement for 75% of the cost from the Federal Government. The Federal share is classified as revenue, and goes back into the State's General Fund. (Attempts are being made to have the Federal share go directly back through the State Welfare Department to the Department of Community Affairs.)




Must Pay For 20% Of Program Cost, Either In Cash Or In Kind.

## Who Can Apply For Day Care Funds?

A community group that wants government money for a day care program cannot apply to the Department of Community Affairs (DCA) directly. The group must apply for money through either:

- the municipality (city or town) in which the group is located, or
- the local human resources development agency (usually a CAP agency).

The application of the group will then be submitted by the municipality or agency to DCA. If DCA agrees to fund the day care program, the municipality or CAP agency will enter into a contract with DCA for the development and operation of the center. The municipality or CAP agency then delegates responsibility for the center to the community group which prepared the application.

Even though the community group does not apply directly to DCA, the group will nevertheless work with DCA in preparing the application for funds. Preparing the application is a complicated procedure and many requirements must be met by the community group before DCA will agree to fund them. Therefore, even though the application for day care funds is submitted formally by the municipality or human resources development agency, DCA works with the group, not with the municipality or agency, in the preparation of the application.

SOME PROBLEMS WITH CONNECTICUT S TITLE IV-A FUNDING

Bureaucratic Red Tape

One of the problems faced by some community groups wishing to start day care centers in Connecticut is the requirement that their application for day care funds be submitted to the Department of Community Affairs (DCA) by and through their municipality or local CAP agency. In some cases, this requirement can hold up DCA approval of day care programs because the local CAP agency or municipality might not want the community groups' day care program to receive funding. The application was held up even though DCA had been working with the community group to prepare the application, and wanted to fund the group.

There is nothing in Title IV-A that says a State agency can't contract directly with a private non-profit community group for day care services. It is not required by the federal government that the day care money go through a municipality or CAP agency.

The Connecticut law says that the State "may enter into a contract with a municipality or a human resource development agency for State financial assistance in developing and operating child day care centers..."[1] A human resource development agency is defined as "a public or private non-profit agency designated by and authorized to accept funds from the federal office of economic opportunity...for a community action program under the Economic Opportunity Act of 1964, as amended..."[2] There doesn't seem to be any clear reason why, under this definition, the community group itself could not become incorporated

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1 Conn. General Statutes, Chapter 133, Section 8 - 210.

2 Ibid.

as a non-profit human resources agency and be designated a human resource development agency and therefore be eligible to apply directly to DCA to receive day care funds.

Some groups have already attempted to get funding directly from DCA, but have been unable to do so. The State's policy has been to fund programs through a municipality or CAP agency. One regulation which stands in the way of direct funding and which needs to be changed is the Connecticut State Plan. The State Plan says that "the Department of Community Affairs, working through local community action programs or municipalities may grant state funds to a community for day care services...." This regulation would have to be changed to permit the Department of Community Affairs to grant State funds directly to the community group.

## Changes Needed In The State Plan

Although there is a need for more day care in Connecticut, there is not enough money to meet the need. A real expansion of day care is unlikely because Connecticut cannot receive Federal reimbursement for a significant percentage of children in Connecticut day care centers.

As discussed on page 4, Connecticut itself defines "past" and "potential" AFDC recipients in the State Plan under which it receives Title IV-A funding. It is possible for Connecticut to revise its State Plan to include more people with higher income in its "potential" category. For example, under the current State Plan one definition of a "potential" AFDC recipient is someone whose income level does not exceed the OEO poverty guideline standards of $4,000 for a family of four. The Connecticut State Plan could be revised to increase this income level above OEO poverty guidelines. (In New York, for example, a "potential" recipient is a person living in a family of four with a net income of $7,500 per year.) If the income eligibility level were increased, Connecticut would be able to receive reimbursement for more of the children for whom the State now provides day care because they are "economically, socially, or environmentally" disadvantaged. If the State were to do this, it would be able to increase the number of children for whom it could get Federal reimbursement; the State would then have more money with which to expand day care.

Similarly, another way in which Connecticut could include more people with higher income in its "potential" category is to change the State Plan so that any family living in an OEO-designated poverty area would be eligible for Title IV-A reimbursement. As noted on page 4, all residents of Model Cities Neighborhoods are already in the "potential" category, and therefore eligible for federal reimbursement. By also defining all residents of OEO-designated

poverty areas as "potential" AFDC recipients, Connecticut would significantly enlarge the number of people in the "potential" category. This would enable the State to increase the number of children for whom it could get federal reimbursement.

## The Local Share

Currently, groups wanting to operate day care centers must pay for 20% of the cost of running the center. The State will pay for the other 80%. This 20% local share may be provided by the group either in cash (for example, with donations from a local charity), or through in-kind contributions (such as donation of the day care facility, volunteer teachers, etc.) Under Title IV-A, the 20% local share cannot be used to get Federal reimbursement even though the local share is used to provide services to children eligible for Federal reimbursement.

The result of this structure is that the 75% Federal reimbursement is not being received for the full 100% cost of providing day care services to past, present, and potential AFDC recipients; rather, 75% reimbursement is only being received for the 80% State share. Thus, if the cost per child per year is $1,000, the Federal reimbursement is not $750.00, or 75% of $1,000. Rather, the Federal reimbursement is $600.00, or 75% of the State's 80% share of $800.00. There is no reimbursement for the 20% local share.

Title IV-A does not necessarily prohibit Federal reimbursement for donated money spent on eligible children; however, in order to get reimbursement for money which has been donated, the money must be given to the State Welfare Department and, in effect, become State money. Money which has been donated for the use of a <u>specific</u> day care program will not be able to get the 75% Federal reimbursement. Also, Title IV-A prohibits reimbursement for in-kind contributions. The result is that the cash and in-kind contributions which make up the 20% local share cannot be used to claim Federal reimbursement.

If the requirement that the local group must pay for part of the cost of the day care program were abolished, all of the money spent on eligible chil-

dren would be reimbursable under Title IV-A, instead of only 80%. Further, abolishing the local share requirement would make it possible for poorer community and parent groups to operate day care centers.

If the local share is not abolished, day care centers should at least be reimbursed by DCA for the portion of the 20% local share the center has spent on providing services to children who are eligible for federal reimbursement.

CONNECTICUT DAY CARE COALITIONS AND ORGANIZATIONS

Coalition for Housing and Human Resources
P.O. Box 744
New Haven, Connecticut 06503
Mr. Steve Darley (203) 865-2124

Connecticut Capitol Region Child Care Council
68 South Main Street
West Hartford, Connecticut 06107
Mrs. Deborah B. Leighton (203) 521-4620

Connecticut Child Day Care Committee
Racebrook Road
Woodbridge, Connecticut
Mrs. Anita Pearlman (203) 389-4604

Day Care and Child Development Council of America
Mr. Robert Hoskins, Regional Representative
White Hollow Road
Sharon, Connecticut 06067
(203) 364-5228

State Wide Day Care Committee
c/o Meriden Day Care Center
145 Main Street
South Meridan, Connecticut
Ms. Patricia Dyer (203) 235-6363

Urban Outreach
1305 Post Road
Fairfield, Connecticut 06430
Mr. Robert Foxen (203) 255-3300

## SOME DAY CARE PUBLICATIONS

TITLE IV-A OF THE 1967 SOCIAL SECURITY AMENDMENTS

Day Care and Child Development Council of America
1426 - H Street, N.W.
Washington, D.C. 20005

12 pages: $1.50 (minimum .50 postage and handling on all orders under $5.00)

This pamphlet is a clear description of the major provisions of Title IV-A, answering such questions as: who is eligible? how much money is there and where does it come from? who is the administering agency? etc.

MANUAL: on Organization, Financing, and Administration of Day Care Centers in New York City for Community Groups, their Lawyers and other Advisers.

Bank Street Day Care Consultation Service

515 pages: $5.50 plus .75 postage and handling

Although the Manual was written specifically for New York City groups, it contains information which groups outside of New York City may find helpful. For example, the Manual has sections on bookkeeping, health programs, by-laws, staffing, curriculum, and staff training. It is available from the Bookstore, Bank Street College of Education, 610 West 112th Street, New York City, N.Y. 10025.

DAY CARE: how to plan, develop, and operate a day care center.

Evans, Shub, and Weinstein
Beacon Press

337 pages: $6.95

This book provides helpful, detailed information about setting up a day care center. Its flaw is that it does not give enough attention to the role of parents. It is available through your local bookstore or also from the Bank Street College Bookstore, 610 West 112th Street, New York City 10025.